

5W-01428A-09-0103
W-01427A-09-0104

ORIGINAL



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ARIZONA CORPORATION COMMISS

UTILITY COMPLAINT FORM

Investigator: Carmen Madrid

Phone: [REDACTED]

Fax: [REDACTED]

Priority: Respond Within Five Days

Opinion No. 2009 79462

Date: 6/4/2009

Arizona Corporation Commission

Complaint Description: 08A Rate Case Items - Opposed
 N/A Not Applicable

DOCKETED

Complaint By: First: Last:
 Constant Neeley

DOCKETED BY [Signature]

Account Name: Constant Neeley

Home: [REDACTED]

Street: [REDACTED]

Work: (000) 000-0000

City: Goodyear

CBR: [REDACTED]

State: AZ Zip: [REDACTED]

is: E-Mail

Utility Company: Litchfield Park Service Company

Division: Water

Contact Name: n/a

Contact Phone: n/a

Nature of Complaint:

*****REFERRED FROM COMMISSIONER NEWMAN'S OFFICE*****

From: Connie & Mary Neeley [mailto:[REDACTED]]
Sent: Thursday, May 21, 2009 9:57 AM
To: Newman-Web
Subject: Proposed LPSCO rate increase

RECEIVED
2009 JUN 24 P 3:50
DOCKET CONTROL

I am a resident of Goodyear, AZ and recently received a notice of a rate increase by Litchfield Park Service Company which is owned by Algonquin Water. My current water cost is about \$15-16 per month. Algonquin is proposing an increase to \$42 per month which is an increase of about 280%. They are also raising sewer rates where they feel an average bill would be \$49 per month. I am currently paying \$27.20.

"Algonquin Water is owned by Algonquin Power Income Fund, an open-ended investment trust established under the laws of Ontario, Canada". It is owned by unit holders which I believe are foreign owned. The only reason I bring this information to your attention is past experience with a French owned company purchasing a local water system. About 1980, while living in Spokane County, Washington, a French owned company purchased our water system for \$9 million. During the next few years they increased our water rates 100-200% each year while doing little or no improvements to the infrastructure. Complaints by citizens did little to stem the increase. Rumors began to circulate that the company's operational pattern would be to buy a water system, raise rates under current state law, do little or nothing in the way of capital improvements and then offer to sell the sytem back to the residents at an inflated price based largely on the rates charged. In about 1986, the residents who were subject to this water system banded together and purchased the water back from the company for \$32 million. The rate increases stopped but stayed at the current level to service the debt.

I urge you to closely examine the proposed rate increase by Algonquin Water. Don't put the residents of this community in the same situation as the residents were in Spokane County. Based upon the amount of the increase, it would appear that their intention is increase their wealth with little or no change to the service

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

provided to this community.

Constant Neeley
[REDACTED]

Goodyear, AZ 85395
[REDACTED]

End of Complaint

Utilities' Response:

Investigator's Comments and Disposition:

June 24, 2009

Constant Neeley
[REDACTED]

Goodyear, AZ 85395

Dear Ms. Neeley,

¶Your letter regarding the Litchfield Park Service Company (LPSCO) rate case will be placed on file with the Docket Control Section of the Arizona Corporation Commission ("Commission"). It will be made a part of the record and brought to the attention of the Commissioners. Your comments will be considered by the Commission before rendering a decision on LPSCO rate case.

¶When the Commission receives an application from a utility company, the Commission Staff completes the following review procedures and compiles a Staff Report with recommendations for consideration by the Commissioners. This process allows for conciliation procedures for these utility companies when significant customer protests arise due to a requested rate increase.

¶A review of the utility's application and statistical information is conducted by a designated Staff auditor. The operating expenses claimed by the utility are examined and compared to the revenues received for the service provided.

¶The Engineering Staff conducts a technical review of the company and assures compliance with acceptable service standards. The engineer makes an on-site investigation and reports significant plant additions made since completion of the last study. An inventory of plant facilities is conducted to assure the facilities ability to provide adequate service at reasonable rates.

¶The Consumer Services Section investigates complaints regarding the operation, service and billing practices of the company to ensure compliance with the statutes, rules, tariffs and orders of the Commission. After a problem has been identified through a complaint, Staff obtains facts from the company and determines if corrective action has been or needs to be initiated.

¶The rate structure is based on the demand being placed on the system. The larger the line, the more demand on the system. This structure is used for most of the water companies regulated by the Commission.

¶The concerns raised in the letters received from the customers will assist the Commission's review and investigation. This provides a comprehensive and independent analysis of the utility and its rate request. This analysis is reflected in the "Staff Report" and the resulting rate recommendation attempts to balance the interest of the company's owners and the concerns of the company's customers.

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

¶The present Commissioners and Staff are very sensitive to the burden that high utility rates can place on customers. They are doing everything within their authority to protect the consumers of Arizona. However, they are constitutionally required to permit the utility companies to earn a fair return on the fair value of the property devoted to public use.

¶We appreciate you sharing your concerns with us. If I can be of further assistance or answer additional questions, please contact me at 602-542-0848 or our toll free number 1-800-222-7000.

Sincerely,

Carmen Madrid
Public Utility Consumer Analyst
Utilities Division
End of Comments

Date Completed: 6/24/2009

Opinion No. 2009 - 79462
